

HCL Technologies, S.A.

Standalone Financial Statement
Year ended 31 March 2018 and 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of HCL Technologies S.A.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HCL Technologies S.A. ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the accounting and auditing standards We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state



S.R. BATLIBOI & CO. LLP

Chartered Accountants

of affairs of the Company as at March 31, 2018, its Loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

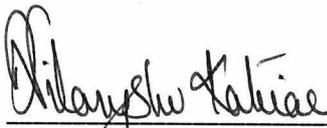
Other matters

This report covering the financial statements of the Company for the year ended March 31, 2018 is intended for the information and use of the board of directors of the Company and HCL Technologies Limited, the ultimate holding company to comply with the financial reporting requirement in India. These financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the basis of preparation as set out in Note 1 (a) to the financial statements of the company. Use of these financial statements or the related audit report for any other purpose will be subject to the above explanation.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per Nilangshu Katriar
Partner



Membership Number: 58814

Place: Gurugram

Date: 03 August 2018

HCL Technologies, S.A.
Balance Sheet as at 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Note No.	As at 31 March 2018 (Refer note 1 (a)) (VEF)	As at 31 March 2017 (Refer note 1 (a)) (VEF)	As at 31 March 2018 (Refer note 1 (a)) (₹)
I. ASSETS				
(1) Current assets				
(a) Financial Assets				
(i) Trade receivables	2.1	408,603	759,228	539
(ii) Cash and cash equivalents	2.2	20,217	64,746	28
(iii) Others	2.3	48,489	131,379	64
(b) Other current assets	2.4	17,552	103,201	23
TOTAL ASSETS		494,861	1,058,554	654
II. EQUITY				
(a) Equity Share Capital	2.5	623,383	623,383	822
(b) Other Equity		(2,076,344)	(3,389,296)	(2,739)
III. LIABILITIES				
(1) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	2.6	1,579,207	3,185,133	2,083
(ii) Others	2.7	230,149	506,251	305
(b) Other current liabilities	2.8	138,466	133,083	183
TOTAL EQUITY AND LIABILITIES		494,861	1,058,554	654
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner

Membership Number: 58814
Gurugram, India
Date: 03 August 2018



For and on behalf of the Board of Directors
of HCL Technologies, S.A.

L.R.R.
Raghu Raman Lakshmanan
Director

Subramaniam Gopalakrishnan
Subramaniam Gopalakrishnan
Director

HCL Technologies, S.A.
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Note No.	Year ended 31 March 2018 (Refer note 1 (a)) (VEF)	Year ended 31 March 2017 (Refer note 1 (a)) (VEF)	Year ended 31 March 2018 (Refer note 1 (a)) (₹)
I Revenue				
Revenue from operations	2.9	5,001,629	942,092	6,597
Net monetary gain		176,784	1,399,958	233
Total income		5,178,413	2,342,050	6,830
II Expenses				
Purchase of stock in trade		98,741	-	130
Finance costs	2.10	1,139	70	2
Outsourcing costs		4,133,427	446,182	5,451
Other expenses	2.11	2,239,628	1,915,983	2,955
Total expenses		6,472,935	2,362,235	8,538
III Loss before tax		(1,294,522)	(20,185)	(1,708)
IV Tax expense		-	-	-
V Loss for the year		(1,294,522)	(20,185)	(1,708)
VI Other comprehensive income				
VII Total Comprehensive Loss for the year		(1,294,522)	(20,185)	(1,708)
Earnings per equity share of VEF 1 each				
Basic	2.12	(518.09)	(8.08)	(0.68)
Diluted	2.12	(518.09)	(8.08)	(0.68)
Summary of significant accounting policies	1			

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number: 301003E/E300005
Chartered Accountants

per Nilangshu Katriar
Partner
Membership Number: 58814
Gurugram, India
Date: 03 August 2018



For and on behalf of the Board of Directors
of HCL Technologies, S.A.

L.R.R.
Raghu Raman Lakshmanan
Director

Subramaniam
Subramaniam Gopalakrishnan
Director

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HCL Technologies, S.A.

Statement of Changes in Equity for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

	Amount VEF		
	Share capital		Other equity
	Equity share	Equity share capital	Retained earning
Balance as at 1 April 2016	2,498,644	2,499	(21,338)
Loss for the year	-	-	(20,185)
Other comprehensive income / (loss)	-	-	-
Total comprehensive loss for the year	-	-	(20,185)
Inflation effect due to restatement	-	620,884	(3,347,773)
Balance as at 31 March 2017	2,498,644	623,383	(3,389,296)
Adjusted Balance as at 1 April 2017	2,498,644	623,383	(3,389,296)
Loss for the year	-	-	(1,294,522)
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	(1,294,522)
Inflation effect due to last year restatement	-	-	2,607,474
Balance as at 31 March 2018	2,498,644	623,383	(2,076,344)

	Amount in ₹		
	Share capital		Other Equity
	Equity share	Equity share capital	Retained earning
Balance as at 1 April 2017	2,498,644	822	(4,470)
Loss for the year	-	-	(1,708)
Other comprehensive income / (loss)	-	-	-
Total comprehensive income for the year	-	-	(1,708)
Inflation effect due to last year restatement of monetary items	-	-	3,439
Balance as at 31 March 2018	2,498,644	822	(2,739)

Summary of significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

Nilangshu Katriar

per Nilangshu Katriar

Partner

Membership Number: 58814

Gurugram, India

Date: 03 August 2018



For and on behalf of the Board of Directors
of HCL Technologies, S.A.

L R R

Raghu Raman Lakshmanan
Director

Subramanian Gopalakrishnan

Subramanian Gopalakrishnan
Director

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HCL Technologies, S.A.
Statement of cash flow for the year ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

	Year ended '31 March 2018 (Refer note 1 (a)) (VEF)	Year ended '31 March 2017 (Refer note 1 (a)) (VEF)	Year ended '31 March 2016 (Refer note 1 (a)) (₹)
A. Cash flows from operating activities			
(Loss) before tax	(1,294,522)	(20,185)	(1,708)
Adjustment for:			
Non cash (benefits)/charges	2,023	5,180	3
Operating profit before working capital changes	(1,292,499)	(15,005)	(1,705)
Movement in Working Capital			
(Increase)/decrease in trade receivables	(399,736)	(14,454)	(527)
(Increase)/decrease in other financial assets and other assets	(114,082)	(232,642)	(150)
Increase/ (decrease) in trade payables	1,533,518	27,284	2,024
Increase/ (decrease) in other financial liabilities and other liabilities	228,269	802	301
Cash generated (used in) / from operations	(44,529)	(234,015)	(57)
Direct taxes paid (net of refunds)	-	-	-
Net cash flow (used in) / from operating activities	(44,529)	(234,015)	(57)
Net (decrease) / increase in cash and cash equivalents	(44,529)	(234,015)	(57)
Cash and cash equivalents at the beginning of the year	64,746	298,761	85
Cash and cash equivalents at the end of the year as per note 2.2	20,217	64,746	28
Summary of significant accounting policies (Note 1)			

The accompanying notes are an integral part of the financial statements

As per our report of even date.

FOR S. R. BATLIBOI & CO. LLP
ICAI Firm Registration Number : 301003E/E300005
Chartered Accountants

Nilangshu Katriar
per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 03 August 2018

For and on behalf of the Board of Directors
of HCL Technologies, S.A.

L.R.R.
Raghu Raman Lakshmanan
Director

Subramaniam Gopalakrishnan
Subramaniam Gopalakrishnan
Director

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HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies, S.A (herein after referred to as "company") is a Business Transformation consultancy aiming to provide medium and large size organizations with Business Transformation solutions that encompasses all elements of Business Consulting, Solution Implementation and ongoing Application Management. The Company was incorporated on 20 November 2014.

The financial statements for the year ended 31 March, 2018 were approved and authorized for issue by the Board of Directors on 03 August 2018

1. Summary of Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as applicable to the HCL Technologies Limited (ultimate holding company).

The figures for the current year and previous year have been restated for the changes in the general purchasing power of the functional currency in agreement with Ind AS 29 "Financial Reporting in Hyperinflationary Economies". As per Ind AS 29 inflation rates can be considered in respect of any stable currency, hence these financials are prepared considering the inflation effect with USD.

As per Ind AS 29 only non-monetary items of the current year are restated from the date of its origin in accordance with the conversion factors calculated in the current year, however both monetary and non-monetary items of the previous year are restated in accordance with the accumulated inflation of the current year to make both years comparable, other than balance sheet items statement of profit and loss are also restated for both the previous and the current year in accordance with the mid-month rates calculated for each year separately and the net effect is transferred to net monetary gain account. In the same way statement for cash flow is also prepared considering the restated figures of both the years.

As per the calculation accumulated inflation for the year 2017-18 is 6971.14% on the basis of which previous year figures are restated.

As the company is not domiciled in India and hence not registered under Companies Act 2013, these financial statements have not been prepared to fully comply with the Companies Act 2013, and so they do not reflect all the disclosures requirements of the Act.

The functional currency of the Company is VEF. The translation from VEF to ₹ is unaudited and is included solely for the convenience of readers in India and has been performed using rate of VEF 1 = ₹0.00132, the exchange rate prevailing as at the last day of the financial year. Such translation should not be construed as representation that the ₹ amount represents, or have been or could be converted into, VEF at that or any other rate.

b) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates are based upon management's best knowledge of current events, historical experience, actions that the company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to, accounting for costs expected to be incurred to complete performance under fixed price projects, allowance for uncollectible accounts receivable, income taxes, future obligations under employee benefit plans, the useful lives of property, plant and equipment and other contingencies and



HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

c) Fair value measurement

The company records certain financial assets and liabilities at fair value on a recurring basis. The company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The guidance of fair value specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires a company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 - Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 - Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with Ind AS-113, assets and liabilities are to be measured based on the following valuation techniques:

- a) Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- b) Income approach - Converting the future amounts based on market expectations to its present value using the discounting methodology.
- c) Cost approach - Replacement cost method.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant who would use the asset in its highest and best use.

d) Revenue Recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time-and-material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the



HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

revenue for a delivered item is not recognized for non-receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Revenue is recognized net of discounts and allowances, value-added tax and service tax, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

e) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date of the transaction. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the initial transaction. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the year in which the transaction is settled. Revenue, expenses and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

f) Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Provision for income tax includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

g) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Purchase and sale of financial assets are accounted for at trade date.

Cash and cash equivalent

Cash in the balance sheet comprise cash in banks, which is subject to an insignificant risk of changes in values.

Financial instruments at amortized cost

A financial instrument is measured at the amortized cost if both the following conditions are met :

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category includes cash and bank balances, loans, unbilled revenue, trade and other receivables.

Derecognition of financial assets

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Lifetime ECL allowance is recognized for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized in statement of profit and loss.

ii. Financial liabilities

All financial liabilities are recognized initially at fair value.

The company's financial liabilities include trade and other payables.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest rate (EIR) method except for deferred consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

h) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as at the beginning of the year, unless issued at a later date. Dilutive potential equity shares are determined independently for each year presented.

i) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the



HCL Technologies, S.A.

Notes to financial statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

j) Contingent liabilities

A contingent liability is a possible obligation that may arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

k) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank, which are subject to an insignificant risk of changes in value.

l) Recently issued accounting pronouncements

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Companies (Indian Accounting Standards) (Amendments) Rules, 2018, amending the following standards:

Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration'

The amendment clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

Ind AS 115, Revenue from Contract with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is currently evaluating the impact that the adoption of this new standard will have on its financial statements.



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

2.1 Trade Receivable

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Unsecured considered good	408,603	759,228	539
Unsecured considered doubtful	-	5,180	-
	408,603	764,408	539
Provision for doubtful receivables	-	(5,180)	-
	408,603	759,228	539

Note:-

Includes receivables from related parties amounting to 31 March 2018 , VEF 319,622 (31 March 2017, VEF 605,335).
(Refer note 2.16(d))

2.2 Cash and cash equivalent

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Balance with banks			
- in current accounts	20,217	64,746	28
	20,217	64,746	28

2.3 Other Financial Assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Current			
Carried at amortized cost			
Unbilled revenue	8	103,390	0
Unbilled revenue-related parties (Refer note 2.16(d))	48,481	27,989	64
	48,489	131,379	64

2.4 Other current assets

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Others			
Duties & Taxes Recoverable	-	89,935	-
Other advances	17,552	13,266	23
	17,552	103,201	23



HCL Technologies, S.A.
Notes to the Financial Statements for the year ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

2.5 Share Capital

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Authorized 2,498,644 common shares of VEF 1/- each (31 March 2017: 2,498,644 common shares of VEF 1/- each)	623,383	623,383	822
Issued, subscribed and fully paid up 2,498,644 common shares of VEF 1/- each (31 March 2017: 2,498,644 common shares of VEF 1/- each)	623,383	623,383	822

Terms/ rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of VEF 1 Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

	As at			
	31 March 2018		31 March 2017	
	No. of shares	Amount (VEF)	No. of shares	Amount (VEF)
Number of shares at the beginning	2,498,644	623,383	2,498,644	623,383
Add: Shares issued during the year	-	-	-	-
Number of shares at the end	2,498,644	623,383	2,498,644	623,383

Details of shares held by holding/ultimate holding company and/or their subsidiaries/ associates:

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 1 VEF each, fully paid HCL Technologies UK Limited; the holding company	2,498,146	99.98%	2,498,146	99.98%

Details of shareholders holding more than 5 % shares in the company:-

Name of the shareholder	As at			
	31 March 2018		31 March 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Common shares of 1 VEF each, fully paid HCL Technologies UK Limited; the holding company	2,498,146	99.98%	2,498,146	99.98%

There are no bonus shares issued, no shares issued for consideration other than cash and no shares bought back immediately preceding the reporting date from date of incorporation.

Capital management

The primary objective of the Company's capital management is to support business continuity and growth of the company while maximizing the shareholder value. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are generally met through operating cash flows generated.



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

2.6 Trade payables

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Trade payables	-	67,929	-
Trade payables-related parties (Refer note 2.16 (d))	1,579,207	3,117,204	2,083
	1,579,207	3,185,133	2,083

2.7 Other Financial liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Current			
Carried at amortized cost			
Liabilities for expenses	49	214,551	2
Liabilities for expenses-related parties(Refer note 2.16 (d))	230,100	291,700	303
	230,149	506,251	305

2.8 Other current liabilities

	As at		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Withholding and other taxes payable	138,466	133,083	183
	138,466	133,083	183



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

2.9 Revenue from operations

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Sale of services	4,894,682	942,092	6,456
Sale of hardware and software	106,947	-	141
	5,001,629	942,092	6,597

2.10 Finance cost

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Bank charges	1,139	70	2
	1,139	70	2

2.11 Other expenses

	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Legal and professional charges	672,225	425,514	887
Provision for doubtful debts/ bad debts written off	2,023	5,180	3
Exchange differences (net)	1,565,380	1,485,289	2,065
	2,239,628	1,915,983	2,955

2.12 Earnings per share (EPS)

	As At		
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Loss as per statement of profit and loss for computation of EPS	(1,294,522)	(20,185)	(1,708)
Weighted average number of equity shares outstanding in calculating basic and diluted EPS	2,498,644	2,498,644	2,498,644
Nominal value of equity shares	1	1	1
Loss per equity share			
Basic	(518.09)	(8.08)	(0.68)
Diluted	(518.09)	(8.08)	(0.68)



2.13 Financial Instruments

Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:-

	Amortized Cost	Total Carrying Value	Amortized Cost	Total Carrying Value
	(VEF)	(VEF)	(₹)	(₹)
Financial Assets				
Trade Receivable	408,603	408,603	539	539
Cash and Cash Equivalents	20,217	20,217	28	28
Others (Refer Note 2.3)	48,489	48,489	64	64
Total	477,309	477,309	631	631
Financial Liabilities				
Trade Payable	1,579,207	1,579,207	2,083	2,083
Others (Refer Note 2.7)	230,149	230,149	305	305
Total	1,809,356	1,809,356	2,388	2,388

Financial Assets & Liabilities

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:-

	Amortized Cost	Total Carrying Value
	(VEF)	(VEF)
Financial Assets		
Trade Receivable	759,228	759,228
Cash and Cash Equivalents	64,746	64,746
Others (Refer Note 2.3)	131,379	131,379
Total	955,353	955,353
Financial Liabilities		
Trade Payable	3,185,133	3,185,133
Others (Refer Note 2.7)	506,251	506,251
Total	3,691,384	3,691,384

(b) Financial risk management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk. The Company is primarily exposed to fluctuation in foreign currency exchange rates.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's operations.

The exchange rate risk primarily arises from assets and liabilities denominated in currencies other than functional currency. An insignificant portion of the Company's revenue is in other foreign currency while a large portion of costs are in VEF. The fluctuation in exchange rates in respect to VEF may not have potential impact on the statement of profit and loss and equity.

Appreciation / depreciation of 1% in respective foreign currencies with respect to functional currency of the Company would result in decrease / increase in the Company's profit before tax by approximately VEF 1,411,2 thousand for the year ended 31 March, 2018.

The rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rates shift of all the currencies by 1% against the respective functional currencies of the Company and its branches. The sensitivity analysis presented above may not be representative of the actual change.

Non-derivative foreign currency exposure as of 31 March, 2018 and 31 March, 2017 in major currencies is as below:

	Net financial assets		Net financial liabilities	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(VEF)	(VEF)	(VEF)	(VEF)
USD/VEF	-	-	1,411,249	2,548,211
EUR/VEF	-	-	-	73,618
GBP/VEF	-	-	-	8,390



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

2.13 Financial Instruments (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments are primarily in fixed rate interest bearing investments. Hence the Company is not significantly exposed to interest rate risk.

Credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and bank balances, trade receivables, unbilled revenue. By their nature, all such financial instruments involve risks, including the credit risk of nonperformance by counterparties.

The allowance for lifetime expected credit loss on customer balances is as below:

	As at	
	31 March 2018	31 March 2017
	(VEF)	(VEF)
Balance at the beginning of the year	5,180	-
Additional provision during the year	2,023	5,180
Deductions on account of write offs and collections/ effect of exchange rate changes	(7,203)	-
Balance at the end of the year	-	5,180

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The investment philosophy of the Company is capital preservation and liquidity in preference to returns. The Company consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet the financial obligations and maintain adequate liquidity for use.

2.14 Financial Reporting in Hyperinflationary Economies

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is required to prepare financial statement on basis of historical cost or current cost approach based on the measuring unit current at the end of the reporting period.

HCL Venezuela entity currency VEF falls under hyperinflationary economy requiring reinstatement of financials based on general price Index for reinstatement of both monetary and non-monetary items. The government of Venezuela however has restricted the central bank of Venezuela to publish General price Index and froze it to December 2015. Accordingly, we have used the exchange rate "Convenio Cambiario N° 33 (d)" published by Central Bank of Venezuela to work out the inflation rates to restate the financials from historical currency unit to current currency unit. Inflation rates for the period from April 2015 till March 2018 were taken to restate the figures.

Movement in the price index during current year 2017-18 was 6971.14% and the movement in price index during previous year 2016-17 was 260.06%.



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018
(All amounts in thousands except share data and as stated otherwise)

2.15 Segment Reporting

In the opinion of the management there is no separable segment as envisaged in the Ind AS-108 "Operating Segments" notified under the Companies (Indian Accounting Standards) Rules, 2015, (as amended). Accordingly no disclosure for segment reporting have been included in these financial statements.

2.16 Related party transaction

a) Related parties where control exists

Ultimate Holding company

HCL Technologies limited

Holding company

HCL Technologies UK Limited
HCL Bermuda Ltd

b) Related Party where transactions have taken place during the period

Holding company

HCL Technologies UK limited
HCL Bermuda Ltd

Fellow Subsidiary

Hcl Gmbh
Axon Solutions Ltd
Hcl Istanbul Bilisim Teknolojileri Limited
Hcl Singapore Pte Limited
Hcl Australia Ser Pty Ltd
Hcl Japan Limited
Hcl Technologies South Africa
Hcl Great Britain Limited
Hcl Technologies Germany
Hcl (Brazil) Technologia
Hcl Technologies Mexico
Hcl Axon Tech. Inc - Sd
Hcl Belgium N.V./S.A.
Filial Española De Hcl Sl
Hcl Tech. Italy S.P.A.
Hcl (New zealand) Limited
HCL America Inc., United States of America
HCL Axon Malaysia Sdn Bhd
HCL Poland Sp.z.o.o.
HCL Technologies Belgium BVBA
HCL Technologies BV
HCL Technologies Limited- Swiss Branch
HCL Technologies Romania
HCL Technologies Austria GmbH
HCL Technologies Limited- UAE Branch
HCL Technologies Middle East FZ LLC Dubai Branch



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

c) Transactions with related parties

Particulars	Outsourcing cost			Sale of services		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)	(VEF)	(VEF)	(₹)
Ultimate Holding Companies	119	14,045	0	4,396,266	336,396	5,799
Holding Companies	1,746,627	189,164	2,304	-	63,895	-
Fellow Subsidiaries	2,390,775	240,833	3,153	215,157	180,767	284
Grand Total	4,137,521	444,042	5,457	4,611,423	581,058	6,083

Particulars	Purchase of stock in trade		
	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)
Ultimate Holding Companies	-	-	-
Holding Companies	-	-	-
Fellow Subsidiaries	1,309	-	2
Grand Total	1,309	-	2

d) Outstanding balances with related parties

Particulars	Trade Receivables			Liability for expenses		
	As at			As at		
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)	(VEF)	(VEF)	(₹)
Ultimate Holding Companies	300,680	414,873	397	-	13,947	-
Holding Companies	864	60,209	1	230,100	202,748	303
Fellow Subsidiaries	18,078	130,253	24	-	75,005	-
Grand Total	319,622	605,335	422	230,100	291,700	303

Particulars	Trade Payables			Unbilled Receivables		
	As at			As at		
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
	(VEF)	(VEF)	(₹)	(VEF)	(VEF)	(₹)
Ultimate Holding Companies	1,065	-	2,41	48,481	-	64
Holding Companies	125,450	196,257	165	-	-	-
Fellow Subsidiaries	1,452,692	2,920,947	1,917	-	27,989	-
Grand Total	1,579,207	3,117,204	2,083	48,481	27,989	64



HCL Technologies, S.A.

Notes to the Financial Statements for the year ended 31 March 2018

(All amounts in thousands except share data and as stated otherwise)

3. Previous year comparatives

The Company has changed its presentations from " VEF in absolute amount" to " VEF in thousands" and accordingly, amounts less than VEF 0.50 thousands are rounded off to zero. Previous year and current year figures are reclassified based on the inflation rates of venezuela in comparison with the stable currency i.e USD. Previous year figures have been regrouped/ reclassified to the current year's classification wherever necessary, please refer note 1(a).

4. Subsequent event

The hyperinflationary condition in Venezuela has further depreciated from VEF 49,477/USD to VEF 115,000/USD.

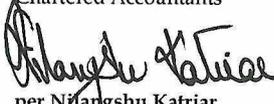
The accompanying notes are an integral part of the financial statements

As per our report of even date

FOR S. R. BATLIBOI & CO. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

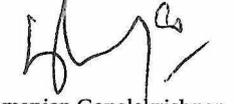

per Nilangshu Katriar
Partner
Membership Number: 58814



Gurugram, India
Date: 03 August 2018

For and on behalf of the Board of Directors
of HCL Technologies, S.A.


Raghu Raman Lakshmanan
Director


Subramanian Gopalakrishnan
Director

